

UNCLASSIFIED

E31

ACTION WHA-00

RELEASED IN PART
B1, 1.4(D), B3, INA

INFO	LOG-00	NP-00	AID-00	USNW-00	CIAE-00	CPR-00	INL-00
	DODE-00	DOEE-00	DS-00	EAP-00	OIGO-00	VC-00	FRB-00
	H-00	TEDE-00	INR-00	IO-00	LAB-01	L-00	CAC-00
	VCE-00	AC-00	DCP-00	NSAE-00	OMB-00	NIMA-00	CAEX-00
	PA-00	PC-01	MCC-00	PM-00	GIWI-00	PRS-00	ACE-00
	P-00	FMPC-00	SP-00	IRM-00	SSO-00	SS-00	TRSE-00
	BEG-00	IIP-00	SCRS-00	PMB-00	DSCC-00	PRM-00	DRL-00
	G-00	NFAT-00	SAS-00	SWCI-00	/002W		
				-----55703F 311249Z /38			

P 311224Z OCT 05
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC PRIORITY 1919
INFO AMEMBASSY BOGOTA PRIORITY
AMEMBASSY BRASILIA PRIORITY
AMEMBASSY LA PAZ PRIORITY
AMEMBASSY LIMA PRIORITY
AMEMBASSY QUITO PRIORITY
AMEMBASSY ASUNCION PRIORITY
AMEMBASSY PORT AU PRINCE PRIORITY
AMCONSUL CURACAO PRIORITY
NSC WASHDC PRIORITY
HQ USSOUTHCOM MIAMI FL PRIORITY
USINT HAVANA PRIORITY

S E C R E T CARACAS 003230

SENSITIVE

HQSOUTHCOM ALSO FOR POLAD

E.O. 12958: DECL: 10/31/2015
TAGS: PGOV, KCRM, VE
SUBJECT: COMMON TYPES OF VENEZUELAN CORRUPTION

REF: A. A. 05 CARACAS 02321
B. B. 05 CARACAS 01431
C. C. 04 CARACAS 03617
D. D. 05 CARACAS 00636

F. F. 05 CARACAS 01823

B1

Classified By: POLITICAL COUNSELOR ROBERT R. DOWNES FOR 1.4 (D)

Summary

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: OSCAR J OLSON
CLASSIFICATION: SECRET REASON: 1.4(D)
DECLASSIFY AFTER: 30 OCT 2030
DATE/CASE ID: 05 MAY 2009 200705281

UNCLASSIFIED

UNCLASSIFIED

1. (C) This cable, Post's second overview of Venezuelan corruption in 2005, explores the most prominent types of GOV corruption; REF A examined the extent of the problem. Venezuela, ranked the hemisphere's third-most corrupt country in Transparency International's latest survey,

B1

End summary.

B1

According to

press reports, National Assembly deputy Roger Rondon (independent) accused Army commander Maj. Gen. Raul Baduel of having peddled his influence as the President's private

UNCLASSIFIED

UNCLASSIFIED

secretary in 1999 to have petroleum contracts granted to specific companies. National Assembly deputy Pedro Castillo (Movimiento al Socialismo) told reporters in 2004 he quit the comptroller committee because, among other scandals, he said the assembly absolved a general who was granting overpriced contracts on behalf of the National Fund for Urban Development without requiring bidding.

B1

B1

MERCAL

5. (C)

B1

After a million-dollar Mercal corruption scandal involving a local legislator broke in Lara State in 2003, the state Mercal administrator told the regional parliament the

UNCLASSIFIED

UNCLASSIFIED

program lacked both the personnel and the security to protect its products. [REDACTED]

B1

6. (U) Soldiers probably receive the most blame for ripping off the Mercal program, which active duty Army Brig. Gen. Francisco Avena Del Prestito has managed since the dismissal of his civilian predecessor in June 2005, according to press. Mercal officials told a Venezuelan weekly newspaper in June an army colonel was smuggling Mercal chicken to Curacao. In May, the National Guard seized 27 tons of bologna that was being sold to a Colombian business through a Venezuelan navy captain.

GAS SMUGGLING

7. (C) [REDACTED]

B1

[REDACTED] A major Caracas daily citing military sources reported military prosecutors were investigating two National Guard captains and a network extending into PDVSA and the Ministry of Energy and Petroleum for gasoline smuggling. In June, President Hugo Chavez ordered the dismissal of National Guard Brig. Gen. Pedro Celestino Perez for involvement in the smuggling of 800,000 liters of gasoline as head of the military garrison in Nueva Esparta State (Margarita Island). Formally charged by the National Guard, Perez is thought to have fled to Spain.

[REDACTED] In June, ranchers in Apure and Tachira States met with the National Guard to try to resolve problems with gasoline supplies and claimed that soldiers had harassed gas station workers in the area, according to press reports.

B1

B1

JUSTICE SYSTEM

8. (C) According to Transparency International's 2004 study, the GOV sector perceived as most corrupt is the

UNCLASSIFIED

judicial system.

UNCLASSIFIED_{B1}

According to the transcript of a prosecutorial interview obtained by the press, a witness said he saw Anderson offered USD 300,000 by representatives of a person under investigation for involvement in the 2002 coup. The witness also testified he later saw a bag of USD 100 bills accepted by Anderson and a stack of 120 million bolivares (roughly USD 60,000) in Anderson's house.

B1

DRUGS

9. (C)

B1

"Experts" in antidrug operations requesting anonymity told reporters Venezuelan security forces sometimes resell half of seized drug loads weighing as much as a metric ton.

10.

B1

The interior politics committee of

UNCLASSIFIED

UNCLASSIFIED

the National Assembly approved a report in June blaming Guarico State Governor Eduardo Manuitt for human rights violations committed by Guarico police. Although the committee did not investigate drug links to the case,

B1

Manuitt's Patria Para Todos (PPT) party countered by running ads in national newspapers accusing legislators from Chavez' Movimiento Quinta Republica (MVR) party of drug ties.

B1

11.

B3

Venezuelan Defense Minister Adm. Orlando Maniglia ordered the two generals investigated in October, according to press reports.

ONIDEX

12. (C)

B1

A pro-Chavez Tachira State legislator (Podemos) told reporters "mafias" in Tachira's Onidex office sold passports and Venezuelan identity cards, and the Attorney General's Office had the former head of the Tachira office arrested for "irregularities in processing documents" in August.

B1

Interior Minister Chacon told the press in September a new system allowing people to apply for passports over the internet would cut down on extortion.

B1

B1

UNCLASSIFIED

--Transparency International (TI) has released its 2005 corruption perceptions index. TI gave Venezuela the same score as in 2004, but Venezuela's ranking in comparison to other countries in the western hemisphere worsened in the new survey. Venezuela is now viewed as more corrupt than every country surveyed in the region except Paraguay and Haiti. TI coordinator for Latin America Alejandro Salas told the local press Venezuela had not improved its ranking because it "simply had not made an effort to reform anything."

Venezuelan comptroller general Clodosbaldo Russian took issue in late October with the report's methodology and attributed Venezuela's ranking to press publicity and the parochial interests of the multilateral institutions that financed TI, according to press reports. Vice President Rangel suggested the TI report was part of a US and international media campaign to discredit the Chavez government.

[REDACTED]

The Carapaica Revolutionary Movement, a pro-Chavez armed group, held a press conference in September in which it criticized the Chavez government for not jailing one corrupt official, including those of former administrations. The masked revolutionaries said, "it would seem (President Bush's) 'power syndrome' also afflicts our President." They announced their support for Walter Martinez, a program host on GOV station VTV who refused to go

on air because he claimed Communications Minister Yuri Pimentel demanded he retract accusations of official corruption.

Comment

15. (C) Chavez and his senior ministers sporadically refer to endemic corruption as a major problem.

B1

[REDACTED]

(Note: Vice ministers in some ministries make as little as 4 million bolivares per month, or less than \$2,000.) In April, the son

UNCLASSIFIED

of the PDVSA finance director crashed a 2005 Lamborghini
costing roughly 160,000 in the Florida keys.
Brownfield

NNNN

UNCLASSIFIED